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TRIBUTE TO AL CASEY

DON CARTY*

AS THE LEADER of American Airlines from 1974 to 1985, Al Casey navigated the airline through perhaps the most tumultuous period in the history of the airline industry. In doing so, he drew upon a unique combination of financial acumen, bold decision-making, grace, and good humor.

Casey's success, so much in evidence when he left American in 1985, was hardly assured when he joined the airline. In 1974, American's chairman had resigned after it was learned that he, like many other executives at the time, had made an illegal contribution to President Nixon's 1972 re-election campaign. The legendary C.R. Smith had stepped in temporarily to run the company while it searched for a new leader. In some ways, Casey was an unusual choice. He had never worked for an airline. His highest profile job to that point was president of Times Mirror Co., where he helped turn a newspaper company into a media conglomerate and earned a reputation as a shrewd manager of stellar integrity.

The American Airlines that Casey inherited in 1974 was struggling. Structural problems included a heavy debt load and high costs stemming from the premium service for which the airline was known. Just as problematic, the company's internal culture was contentious. From the start, Casey made it clear he wanted the bickering to stop. In one of his first memos, he wrote

[S]o long as they are on our payroll, we will support them. If you want to come in and knock someone in the company, you will be welcome. I will call in the person you are knocking, while you are here, and we will get to the bottom of the complaint.

While easygoing by nature, Casey was more than willing to ruffle feathers when necessary if it was in his company's interest. He sold American's money-losing Americana hotel chain, invested in oil and gas as a way to offset rising fuel prices, and in

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1979 moved American's headquarters from New York City to North Texas, earning him the vilification of New York's media and civic leaders. Bad press aside, the move was a brilliant one for American, saving the airline millions of dollars each year and establishing the mid-continent beachhead it would need as it transformed its network.

In the late 1970s, Casey argued vigorously against deregulation of the U.S. airline industry. He lost that battle but ultimately won the war by transforming American from one of deregulation's likely victims into one of its victors. Realizing that massive change was required for his company to survive in the new competitive environment, Casey and his team launched a series of dramatic, innovative maneuvers that reshaped not only American but the entire industry.

Like many of its competitors, American had concentrated its flying on non-stop operations on the East and West coasts and in major business centers. Under deregulation, American quickly embraced the hub-and-spoke concept of funneling customers from smaller airports to larger connecting hubs, and then on to their ultimate destination.

To bring American's costs to more competitive levels, Casey shed administrative staff and subsidiaries, and in 1982 he helped reorganize American into the holding company AMR Corp. He oversaw the installation of SABRE, the industry-leading computer reservation system, and he won union approval of the innovative, albeit controversial, two-tier wage system that enabled American to grow its way to success in the 1980s. From a marketing standpoint, Casey's tenure at American included two hallmark innovations that changed commercial aviation forever – super saver fares and the AAdvantage frequent flyer program.

When Al Casey retired as Chairman and CEO of American in 1985, the airline he left bore little resemblance to the one he had discovered eleven years earlier. Under his stewardship, American endured the chaos of deregulation, oil shocks, an air traffic control strike, difficult labor relations, and much more. American in 1985 was hundreds of planes and thousands of employees bigger than it had been, and tremendously more profitable. In fact, the year before Casey's arrival, American lost \$49 million. In his final year at the helm, the company earned record profits of \$228 million.

Not surprisingly, after leaving American, Casey found that his skills were much sought-after in other areas. His so-called "retirement" included successful stints as Postmaster General and

head of the Resolution Trust Corporation. He also taught at Southern Methodist University's Edwin L. Cox School of Business.

While Al Casey's career accomplishments place him firmly in the pantheon of American business leaders, those who knew him remember him less for what he did than for who he was. In 1997, he published his autobiography, "Casey's Law: If Something Can Go Right, It Should," and that title effectively captures the spirit of optimism and determination Al Casey applied to every aspect of his rich, full life. Always at home on center stage, Al's infectious smile and his genuine interest in others inspired everyone he met, myself included. When he passed, an admirer told a reporter "there were no bad days for Al Casey." I would echo that, and add that every day I spent with Al was a very good day.

